

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: May 1, 2007 **Bill Number:** H.B. 3749

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Committee Requesting Impact: Senate Finance Committee

Bill Summary

To amend Section 12-10-80, as amended, Code of Laws of South Carolina, 1976, relating to job development credits, so as to allow taxpayer who qualifies for the job development credit and who is located in a multi-county business or industrial park to receive a credit equal to the amount designated to the county with the lowest development status of the counties containing the park in certain circumstances.

REVENUE IMPACT ^{1/}

This bill would reduce General Fund income tax revenue by an estimated \$24,166 in FY2007-08.

Explanation

This bill would amend Section 12-10-80 allowing a taxpayer that qualifies for job development credits and is located within a multi-county business or industrial park to claim job development credits based upon the lowest job tax credit designation of the counties containing the park if the park is established on a geographical border of adjacent counties and is required to allocate revenues equally among the counties in which it is located. According to representatives from the South Carolina Department of Commerce, there is only one multi-county industrial park that meets the requirements under this provision. Of the two counties in which the multi-county industrial park is located, the county with the lower job tax credit status was designated as "least developed" for tax year 2007, two tiers higher than the designation of the other county in which the multi-county industrial park is located. Under the provisions of this bill, jobs created in this multi-county industrial park could therefore claim one hundred percent of the maximum job development credits rather than seventy percent allowed under current law. Also, according to the Department of Commerce, only one firm planning to locate within this multi-county industrial park received approval for job development credits for 43 new jobs at an average wage of \$18.03 per hour in 2006. Under current law, each new job would therefore qualify for the maximum job development credits equal to five percent of the gross wages. Although the company has been approved for the job development credits, the associated new jobs have yet to be created. Under the provisions of this bill, the 43 jobs to be created in the qualifying multi-county industrial park during calendar year 2007 would be eligible for an approximate tax credit of \$1,875 per job instead of \$1,313 under current law. Multiplying 43 new jobs by a tax credit increase of \$562 per job would yield an estimated reduction in General Fund income tax revenue of \$24,166 in FY2007-08.

/s/ William C. Gillespie

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^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.